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**President Clinton Sends Third Report on the Operation of the  
Caribbean Basin Economic Recovery Act to the Congress**

On October 12, President Clinton submitted the Third Report on the Operation of the Caribbean Basin Economic Recovery Act (CBERA, also known as the Caribbean Basin Initiative, or CBI) to Congress. United States Trade Representative Charlene Barshefsky said, "The report indicates that the CBERA has benefitted both the countries of the region and the United States. Since the program began in 1984, U.S. exports to the region have more than tripled to \$19.2 billion."

A 1984 trade deficit with the region became a trade surplus of over \$2 billion by 1998. At the same time, exports from CBERA countries to the U.S. increased from \$8.9 billion in 1984 to \$17.1 billion in 1998. Taken together, the countries of the region are the seventh largest market for U.S. exports, greater than France, absorbing 3% of total U.S. exports.

The Caribbean Basin Economic Recovery Act (CBERA) was passed in 1983 and amended in 1990. It was intended to facilitate the economic development and export diversification of the Caribbean Basin economies. The CBERA provides beneficiary countries duty-free access to the U.S. market for all products not excluded by the law. It also imposes conditions countries must meet to be designated beneficiaries and maintain that status.

Further enhancement of CBI benefits is a key element of the U.S. strategy to assist the countries of the region rebuild their economies following last year's hurricanes. CBI enhancement will also serve as a step toward reciprocal hemispheric trade liberalization as envisioned in the Free Trade Area of the Americas (FTAA).

CBI enhancement is also important in the context of our broader relationship with the region. Access to U.S. markets for goods granted preferential treatment through the CBERA program and the parallel growth of non-traditional exports provides an important alternative to drug trafficking in the region. More recently, migration pressures from countries in Central America severely affected by Hurricane Mitch have strengthened considerably. Access to the U.S. market is key to encouraging investment needed to rebuild capacity and provide jobs for people in their home countries. The Administration is committed to work with Congress to obtain passage of CBI enhancement legislation as soon as possible.

